

# **Growing Michigan's Economy**

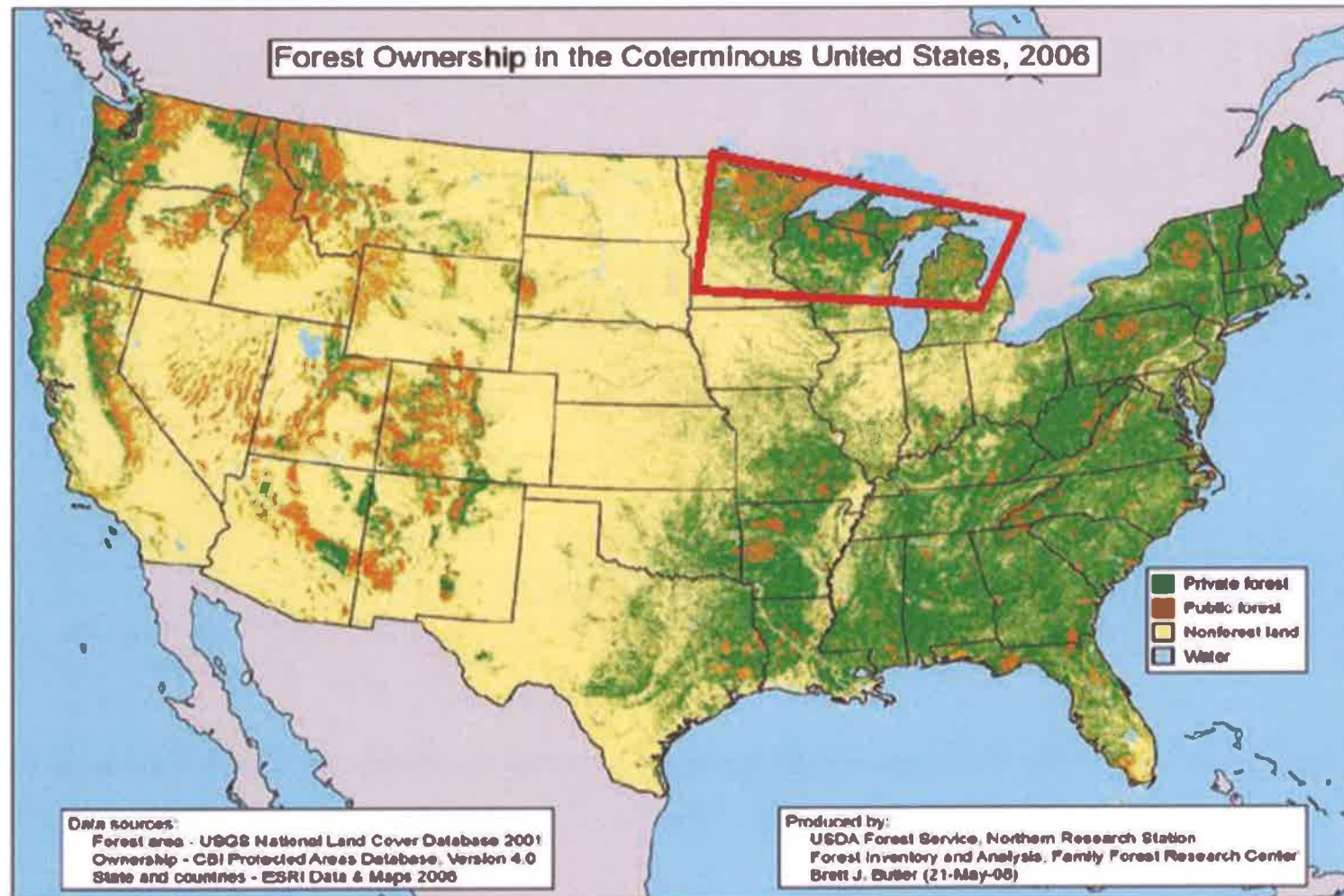
**Michigan Forests  
with Mike Sussman, Chairman  
Michigan Forest Products Council  
March 5, 2013**

# Agenda

- Discussion on how to diversify and encourage economic opportunities for agribusiness and forest resources in domestic and international markets

# US Forest Land Ownership

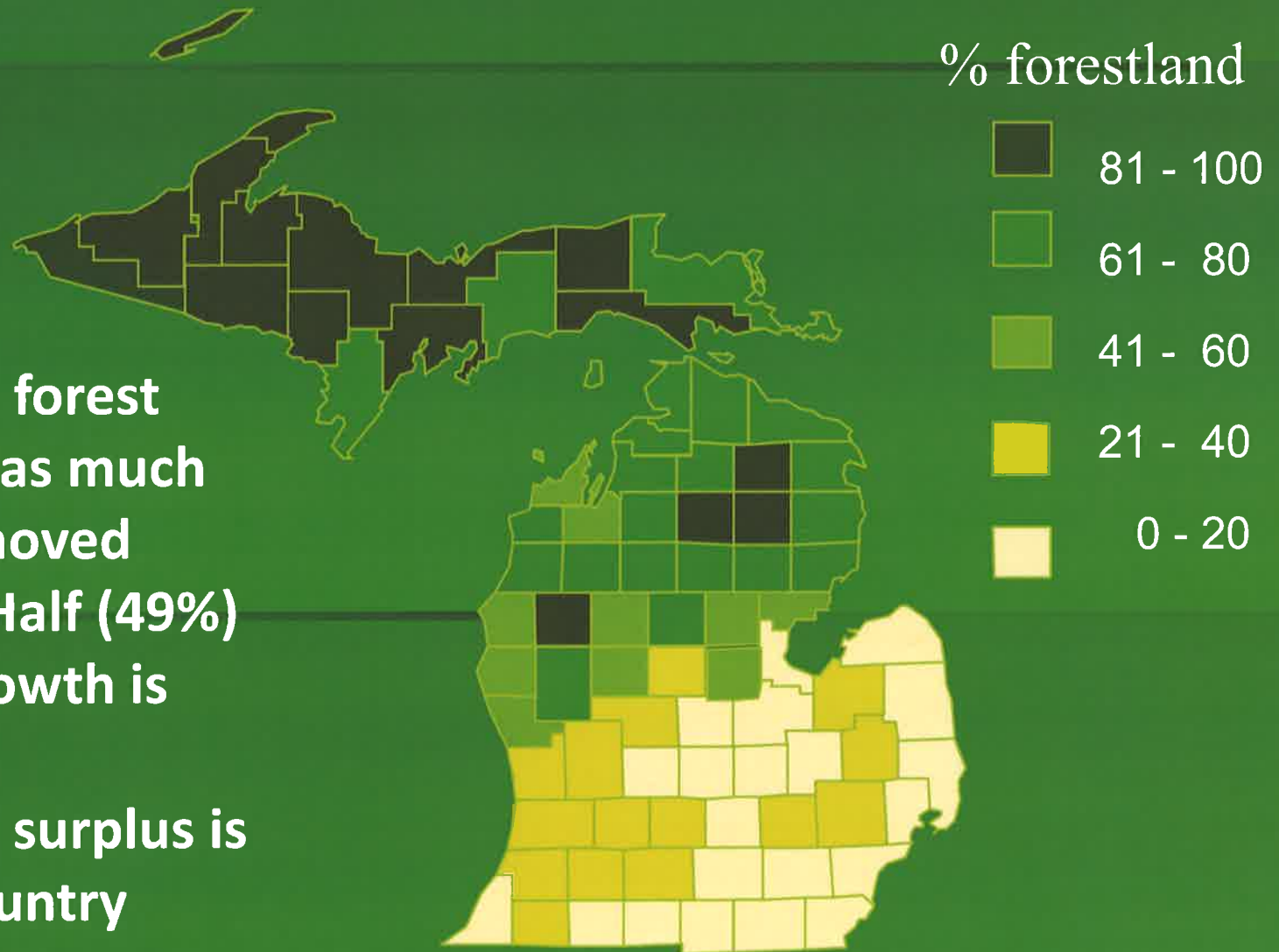
**Figure 6-2.** Forest land ownership in the conterminous United States. Public forest land is managed to conserve biological diversity, usually as part of a multiobjective management strategy. Public forest land is concentrated in the West. Alaska (72 percent) and Hawaii (34 percent) also have large proportions of their forest land in public ownership.



CBI = Conservation Biology Institute, ESRI = Environmental Systems Research Institute, Inc, USGS = U.S. Geological Survey

# Percent forestland by county

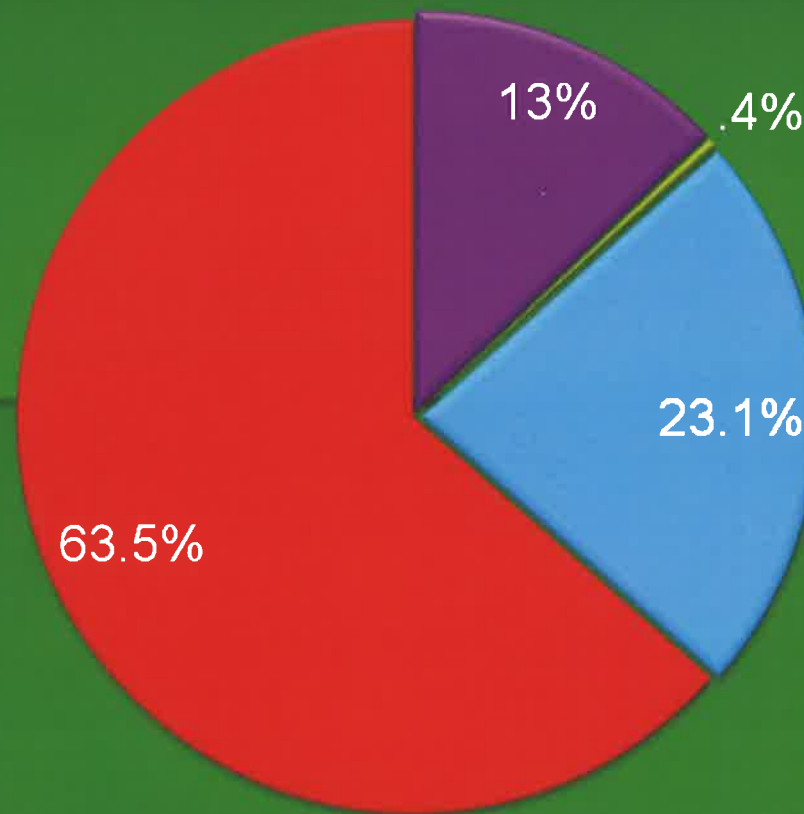
- Michigan's forest grows twice as much wood as removed
- Less than Half (49%) of annual growth is harvested
- Michigan's surplus is largest in Country



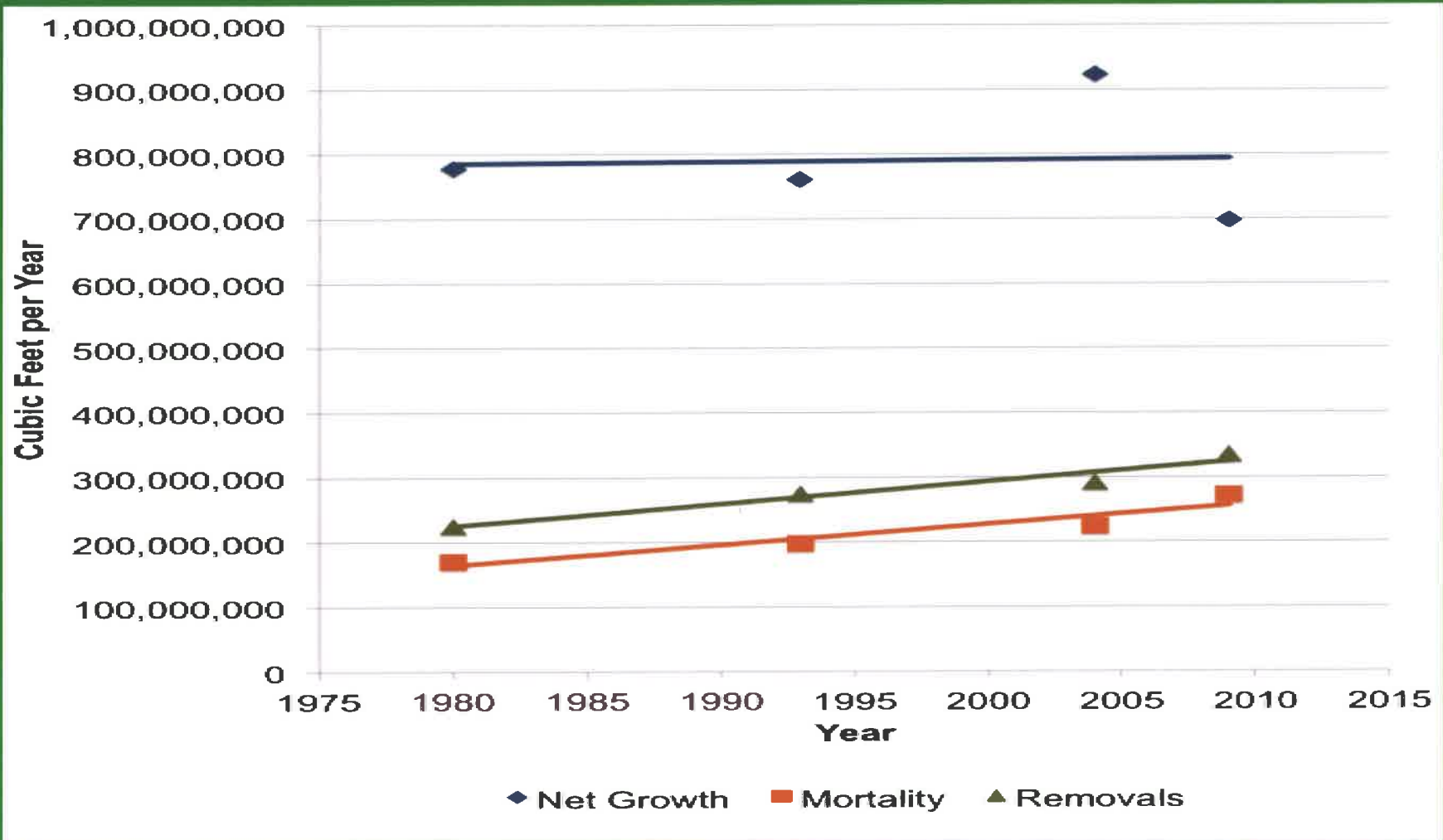


# Michigan Forestland Ownership (20.2 million acres)

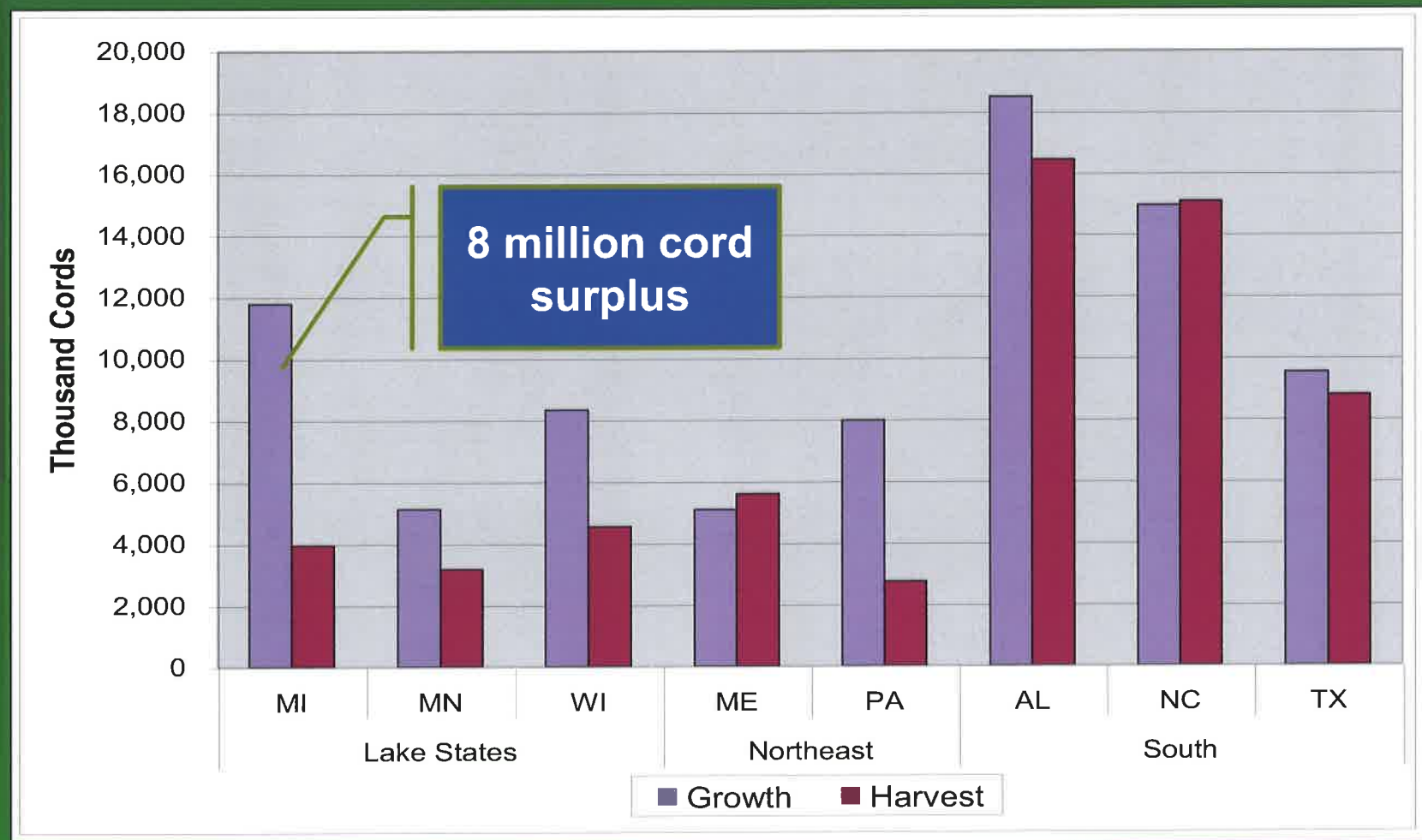
Forest Service  
State and Local Govt  
Other Federal  
Private



# Mortality in Michigan Increasing



# Michigan Benchmarking Growing Surplus



# Economic Impact of Michigan's Forest Products Industry

**\$12.8 Billion - Shipments**

**\$51 Billion + Direct/Indirect**

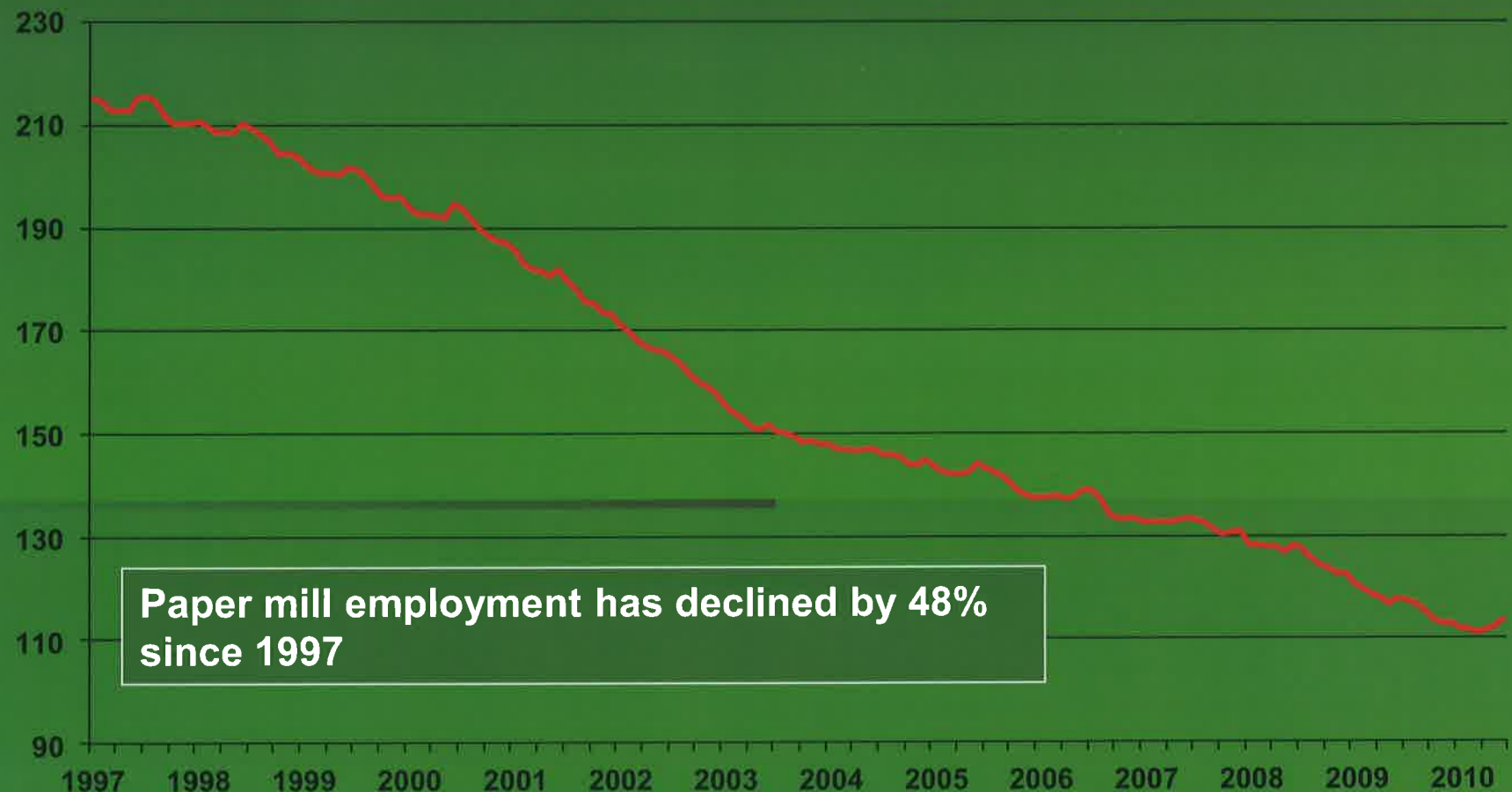


<b>Employment</b>	<b>154,000+</b>
<b>Wages</b>	<b>\$2.9 Billion</b>
<b>Value of Shipments</b>	<b>\$12.8 Billion</b>
<b>Direct + Indirect Economic Impact</b>	<b>\$51 Billion+</b>
<b># Business Units</b>	<b>3,098</b>



# Employment At Pulp, Paper & Paperboard Mills

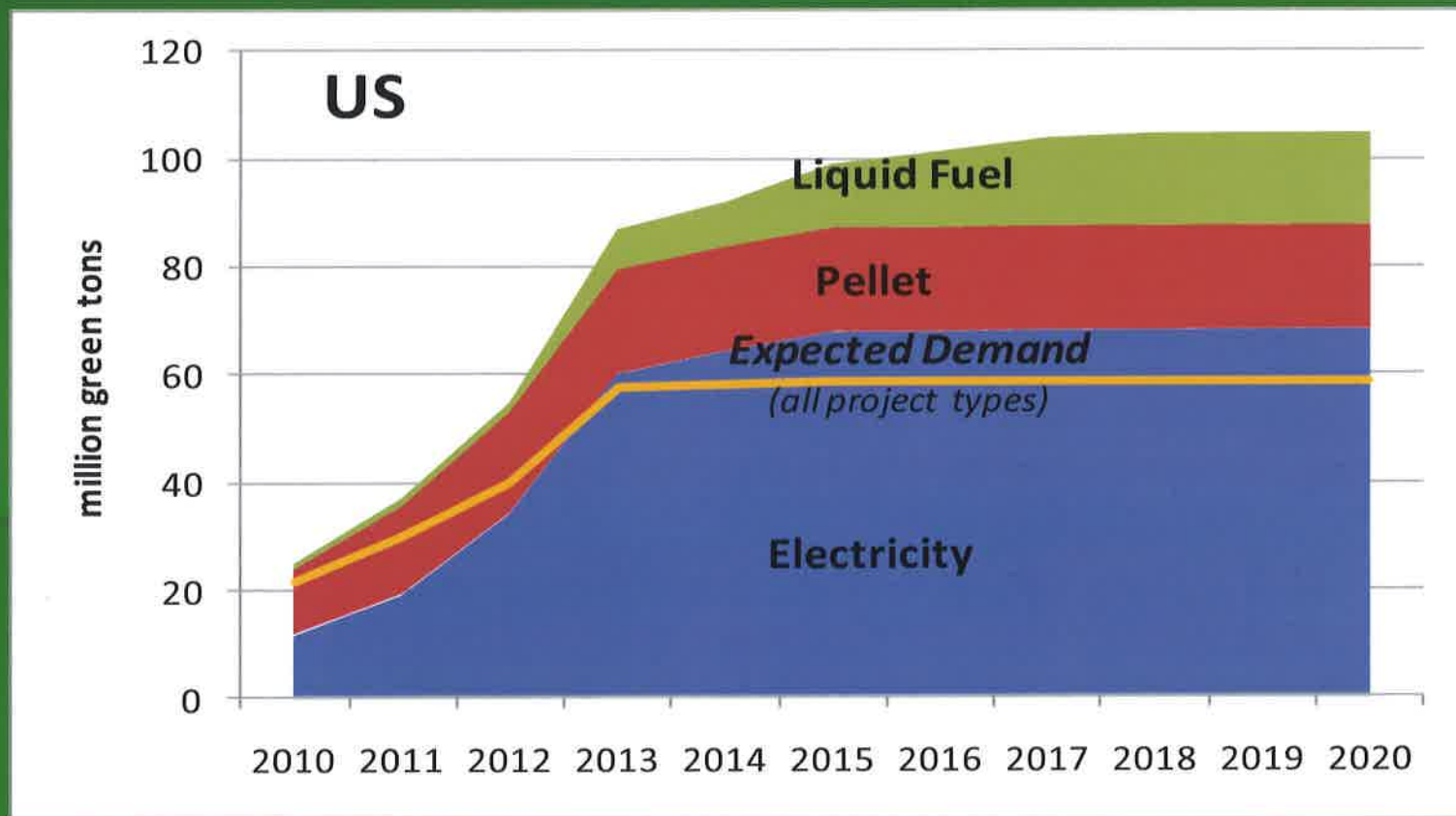
Thousands Of Workers



Source: Bureau of Labor Statistics

# Emerging Markets

## Estimated Wood Use by Announced Bioenergy Facilities

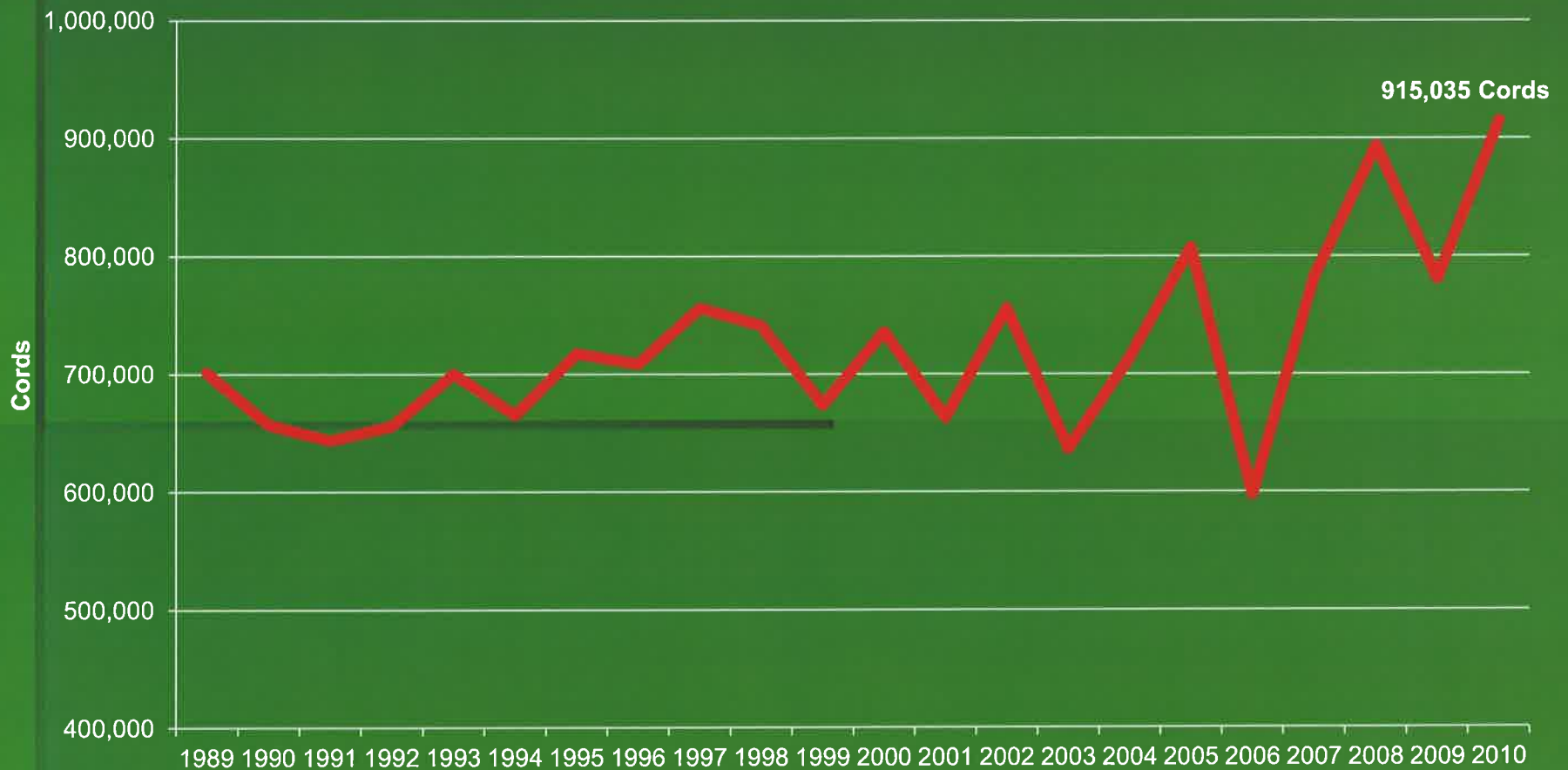


Source: Forisk, 2010

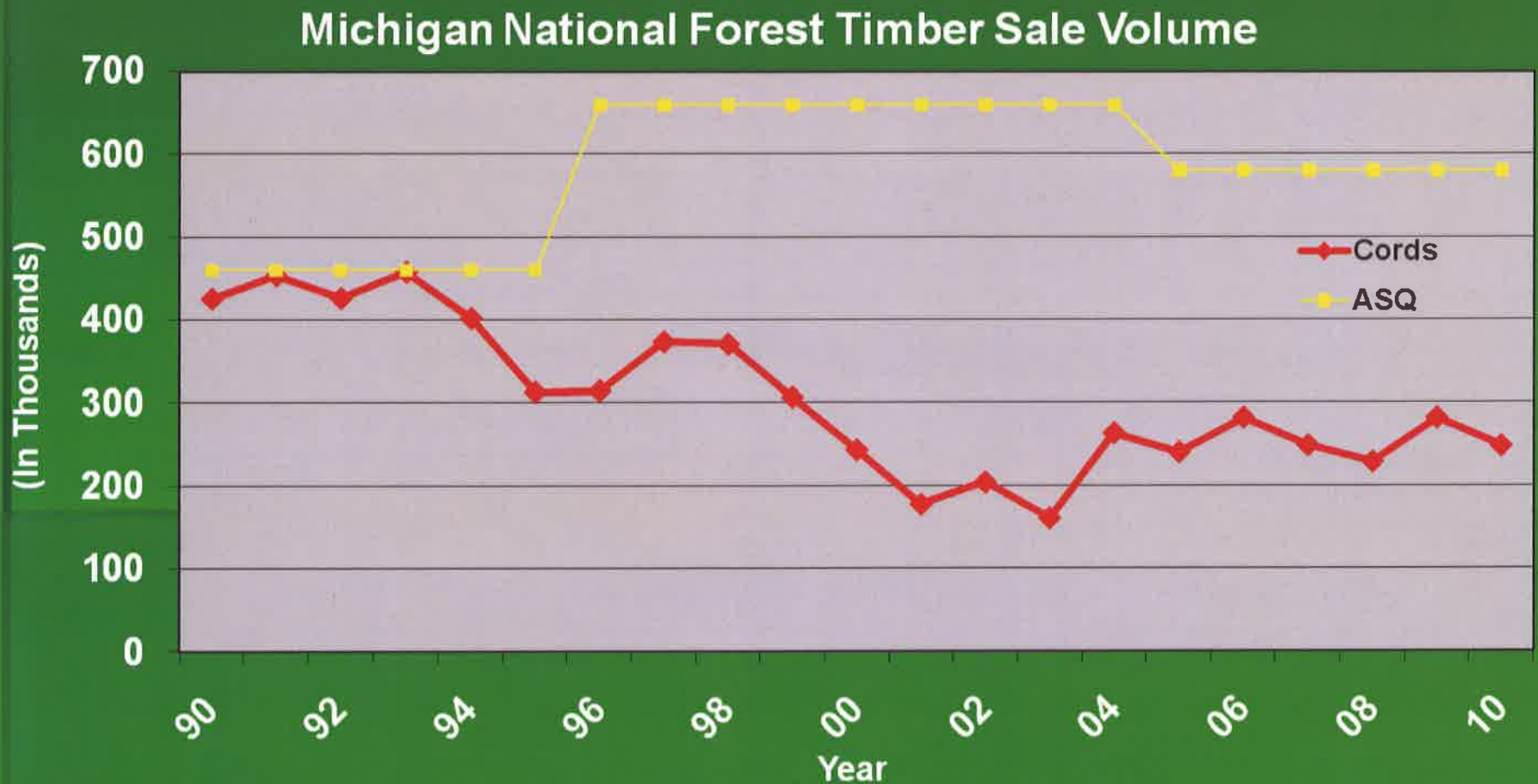
# State Timber Production

GOAL: 1.2 MILLION CORDS

DNR Lands-Total Cords Sold



# Federal Timber Production



# Fiber Costs

- Wood and recycled fiber costs continue to be the most volatile cost component for manufacturers worldwide, accounting for 60% of the variable production costs
- Global demand for lumber increased by more than 10 percent after having hit a 50-year low in 2009. The rise in demand has pushed lumber prices higher in North America, Asia and Europe
- Wood fiber costs place Michigan at a competitive disadvantage



# State Forest Management Benefits

- Provides critical wildlife habitat
- Provides recreational opportunities for hunting, fishing and more
- Provides jobs and leads to innovation
- Provides positive cash flow to the State of Michigan, \$35-\$40 million annually
- Backbone of Michigan's rural economy

# Sustainable Forest Production

## Current Target

- Michigan produces 11.6 million tons of wood harvested per year

## Future Target

- Produce 18 million tons of wood harvested per year
- A 50% increase in our use of available wood would produce a multi-billion impact on our economy\*

\*According to Michigan State University

# Improve Fiber Supply

- Forest Development Fund Integrity
- Use Forest Management Systems Technology
- Reduce red tape through use of streamlined sales process, contract loggers, stewardship contracting and long-term fiber supply agreements\*

# Private Landowners

- Maintain Commercial Forest Act (CFA)
- Support new program targets Michigan's 312,000 non-industrial private landowners that own approximately 10 million acres of Michigan forestland - **QFP Package (SB 51-59/HB 4320-4325)**
- Address forest access issues



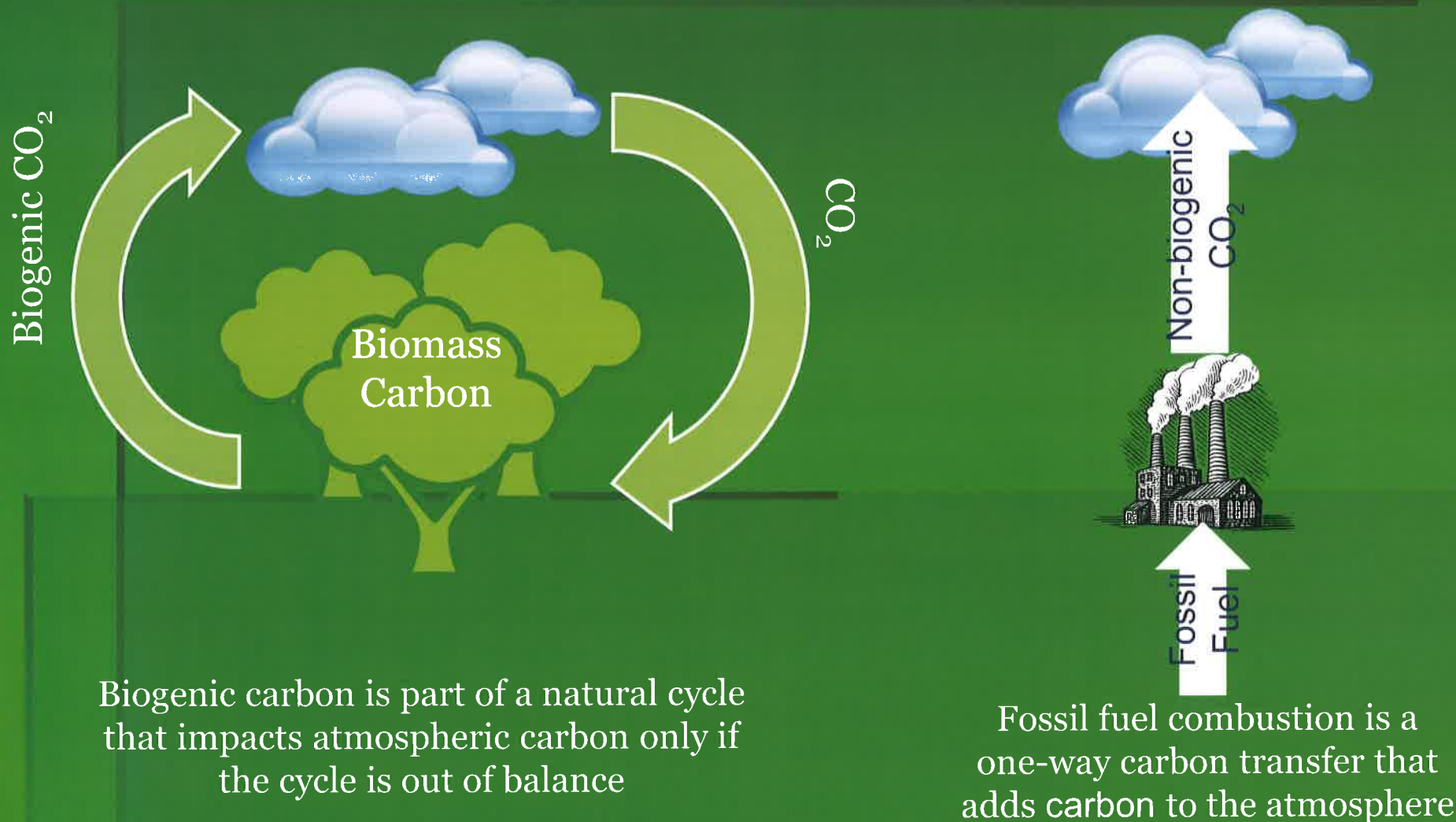
# Regulatory Reform

- Revise (DNR) use of factor limitations
- End duplicative BSA regulation (SB 78)
- Maintain silvicultural exemption for non-point sources under EPA clean water action
- Provide reasonable approach to air quality regulations and carbon neutral biomass



# ***Regulation of Biomass Carbon Emissions***

The biomass carbon cycle differentiates biomass from fossil fuel



# Michigan's Forest Dashboard

- Increase Forest Growth
- Increase Recycling %
- Increase Forest Production
- Increase Jobs
- Increase Net Revenue to State of Michigan
- Decrease Forest Mortality
- Increase Forest Health
- Increase Annual Sales
- Increase Green Energy Production



# Thank you



**Michigan Forest Products Council**

Business Advocacy for the Forest Products Industry